INPUT
Conférence du 31 mai 1991

Les Marchés des Logiciels & Services en Europe 1990-1995

Hotel Royal Monceau

Paris

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Panorama et Tendances des Marchés

Peter Lines
Vice President
European Research

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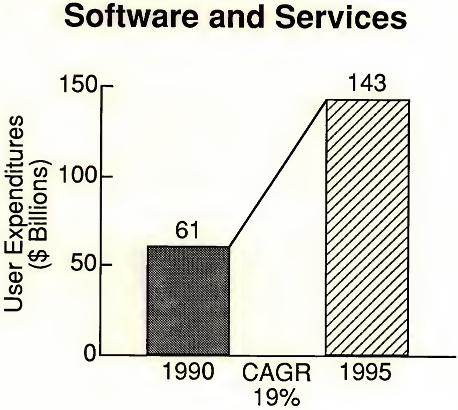
Western Europe, 1990-1995



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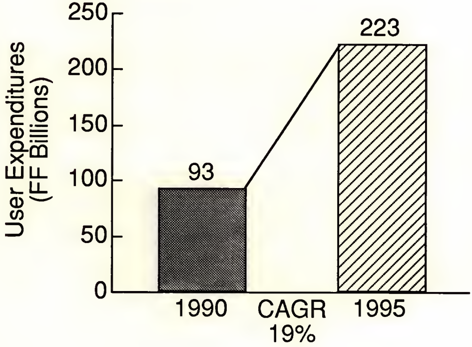
France, 1990-1995

Software and Services



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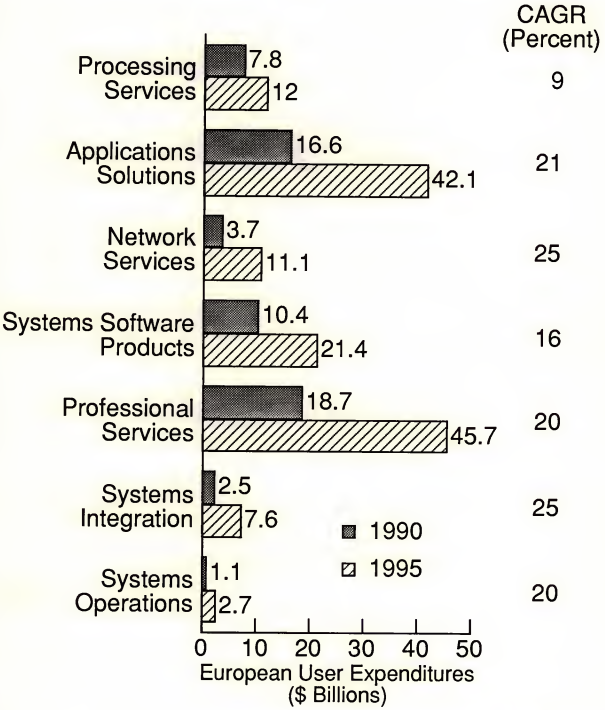
Computer Software and Services Markets by Delivery Mode, 1990-1995



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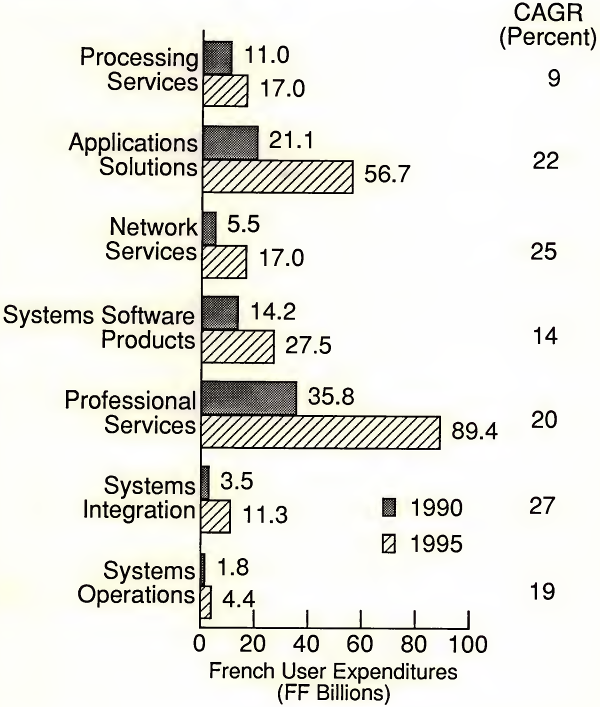
France

Computer Software and Services Markets by Delivery Mode, 1990-1995



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Western Europe

Leading Independent Vendors
1990 Software and Services

Rank	Vendor	Revenues (Est. $M)	Market Share (%)
1	CGS	1060	2
2	Reuters	1050	2
3	Andersen	700	1

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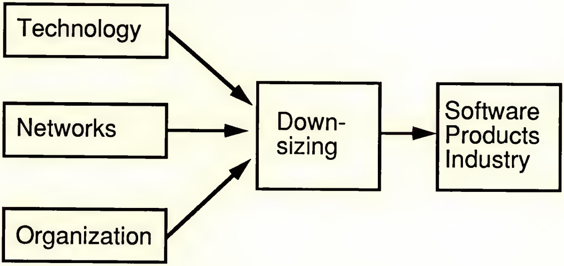
Downsizing Driving Forces



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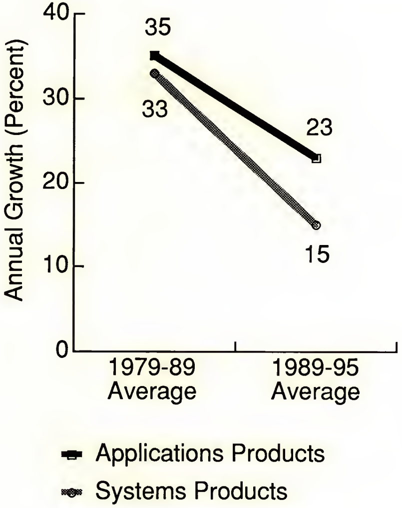
Systems Software Product Growth Declines In Western Europe



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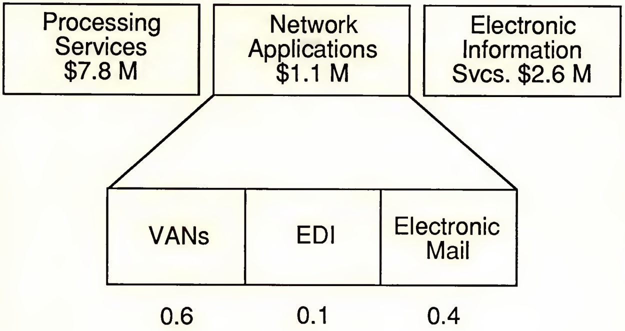
Western Europe

Market Sector Comparison, 1990



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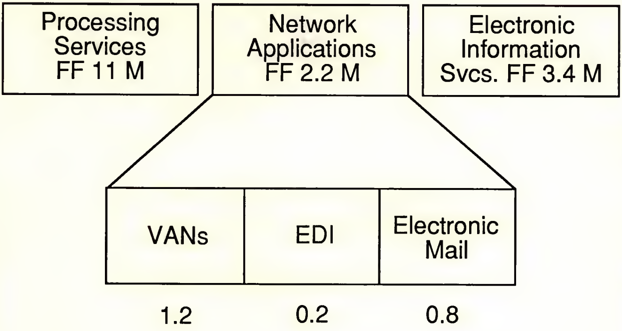
France

Market Sector Comparison, 1990



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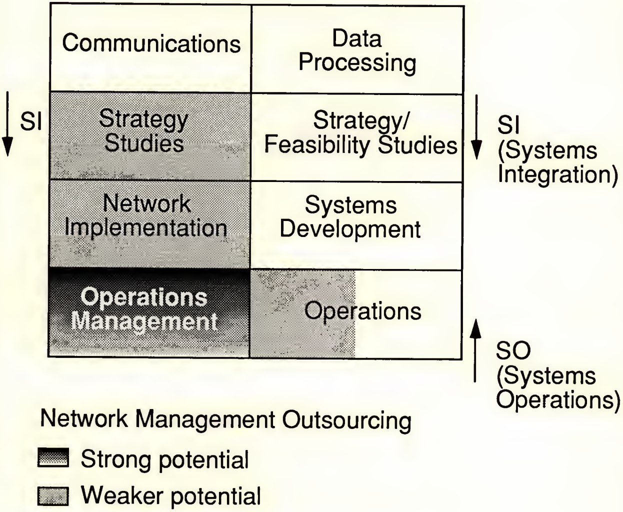
Network Management in Context



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Outsourcing is the contracting of information systems (IS) functions to external vendors.

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Evolution of Outsourcing

Type of Product or Service	1970s		1990s
Applications Software	Applications Packages	→	Applications Management
Professional Services	Consulting Contract Prog	→	Systems Integration
Processing Services	Specific Proc Serv	→	Systems Operations

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Management and IT Consultancy Congruence

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- Meritus
- CGS/United Research
- CGS/Index Group

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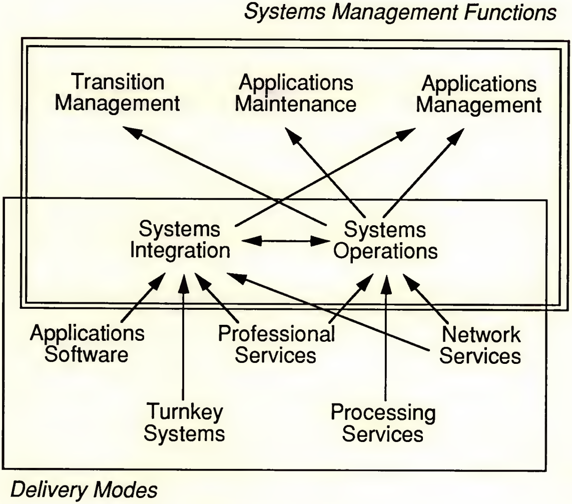
Outsourcing
Developing Market Opportunities



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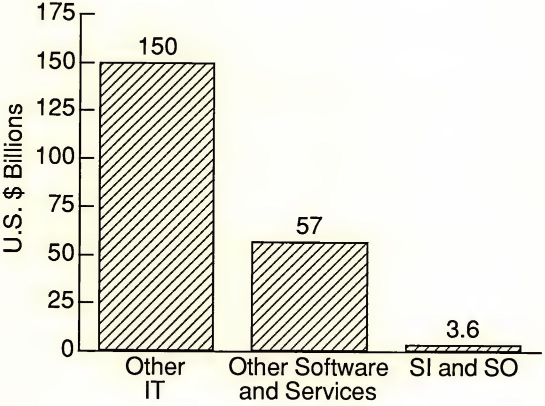
Total IT Expenditure
Western Europe, 1990



Total = $216 Billion

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Challenges Offert par l'Intégration de Systèmes

John Willmott
Consultant

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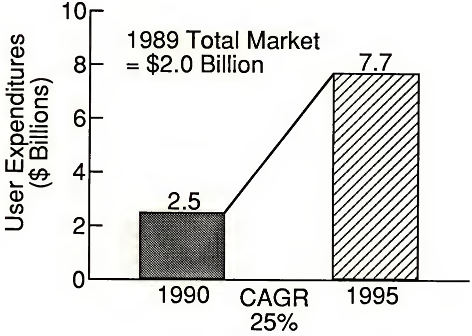
Western European Systems Integration Market 1990-1995



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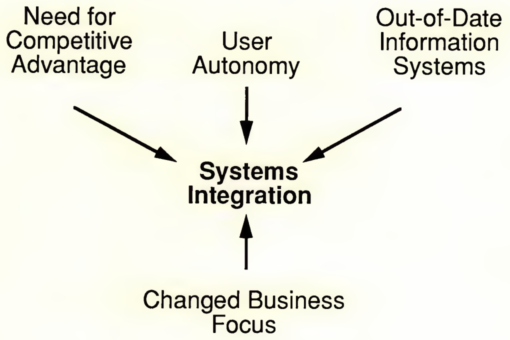
Systems Integration, Western Europe
Driving Forces



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Systems Integration, Western Europe
Key Driving Forces:
Vendor Perception

Factor	Level of Importance
Lack of in-house technical capability	Very High
Lack of in-house IS resources	High
Migration to open systems	Medium-High
Need to link heterogeneous equipment	Medium-High

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Systems Integration, Western Europe
Key Players in Buying Process

Player \ Vendor type	Equip. Vendors	Prof. Serv. Vendors	Mgmt. Consult.
Client board-level personnel	High	Medium	Very High
Head of information systems	High	Very High	Medium
Client middle management	Low	High	Medium

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Systems Integration, Western Europe
Vendor Targeting

- Major organizations
- Industries undergoing radical change
- Companies with highly distributed operations

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Systems Integration, Western Europe Strengths and Weaknesses of Management Consultancies

Strengths	Weaknesses
High-calibre personnel	Expensive
Credibility with user top management	Sometimes overrun cost and timescales
Business consultancy skills	Looking for repeat business

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Systems Integration, Western Europe Strengths and Weaknesses of Major Equipment Vendors

Strengths	Weaknesses
Stability	Business consultancy skills
High-calibre personnel	Lack of proven track record
Account management	Lack of independence
	Lack of development expertise/resources

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Systems Integration, Western Europe Strengths and Weaknesses of Professional Services Vendors

Strengths	Weaknesses
Relationship with IS management	Business consultancy skills
Project management skills	Perceived technical orientation
Implementation/ technical skills	Lack of access to user top management

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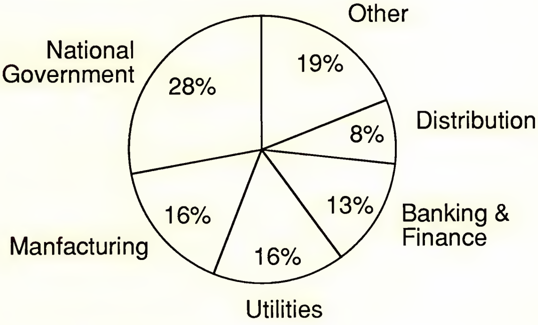
Industry Market Opportunities Systems Integration, Western Europe



1990 Total Market = $2.5 Billion

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Importance in Buying Process Computer-Integrated Manufacturing, Western Europe

User Personnel	Degree of Importance
Top management	High
Manufacturing management	Medium-High
IS management	Medium-High

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Importance in Lead Generation Computer-Integrated Manufacturing, Western Europe

Means of Lead Generation \ Vendor type	Equip. Vendors	Prof. Serv. Vendors
Account Managers	High	Medium
New Business Sales Force	Medium	High
Collaboration Partners	Medium	High
External Consultants	Low	Medium

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Vendor Issues: Alliances

- IBM and Coopers & Lybrand
- IBM Approved Industrial Systems Integrators
- Cincom "CIM Alliance" Programme
- ASK and EDS

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Vendor Challenges Systems Integration, Western Europe

- Access to key decision makers
- Integration architecture
- Building key partnerships
- Open systems and product branding
- Profitability

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Nouvelles Opportunités autour de la Maintenance des Logiciels Internes

Roger Fulton
Consultant

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ORIGINALS MOVED TO MEMAP 6/91

Operational Software Support (Software Maintenance)

- Support and maintenance of in-house developed software
  - Two-thirds of all software activity
  - Today the smallest outsourced sector
- Largest services opportunity of the 1990s
- Centred on management issues

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Categories of Software by Source

- Class A In-house developed
- Class B Custom/contracted
- Class C Application products
- Class D System products

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Software Maintenance Definitions

- Product vendor
  - Fixing faults in software product
- Services vendor
  - Keeping each client happy
- IS management
  - Everything done after software goes live

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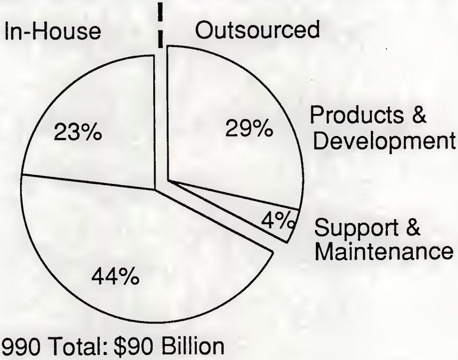
European User Software Budgets



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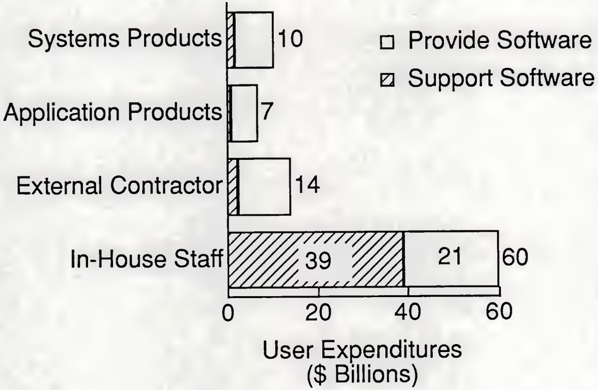
European User Software Budgets



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User Case Study
Government Sector

Problem—Operational software support

- Improve user service/lower costs

Solution—Outsourcing

Benefits

- >50% cost savings on staff ~$70 p.a.
- 8 full-time staff replaced by 4 part-time
- System life extended 5 years

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User Case Study
Telecommunications Sector

Problem—Operational software support

- Free up staff and improve user service

Solution—Outsourcing

- Mix of in-house and third-party staffing

Benefits

- 19 staff released for new projects
- Call-outs reduced ten-fold
- Working practices adopted by client

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Operational Software Support Outsourcing Benefits

- Contracted quality of service for users
  - Better performance and reliability
  - Running costs known, and decreasing
- In-house staff released for new projects
- IS operational efficiency improved
  - Proven management techniques

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Operational Software Support Service Vendor Opportunities

- Support and maintenance contract
  - User service levels
  - Hand-over staffing and timing
  - Emergency services
  - Software maintenance/enhancement
  - Procedures/methods enhancement
  - Management control and reporting

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Operational Software Support Product Vendor Opportunities

- Management tools:
  - User service levels
  - IS resources
  - Software
- Software engineering tools:
  - CASE tools, whole life cycle
  - Reverse, re-engineering, conversion

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Conclusions

- Operational software support services
  - Untapped market opportunity
  - Total user spend ~$44B
  - Less than 1% is outsourced
- Primary need is IS management skills rather than software engineering tools
- Natural fit in the systems operations market
- Strong vendor marketing is needed

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Peter Lines' Paris presentation.

EMEI8 219.

- Just this slide (attached) is required, updated to show 1990 revenues.

****

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[illegible]

5

Western Europe

Leading Independent Vendors
~~1989~~ 1990 Software and Services

Rank	Vendor	Revenues (Est. $M)	Market Share (%)
1	CGS	1060 ~~980~~	2
2	Reuters	~~900~~ 1050	2
3	Andersen	700 ~~520~~	1

5MF-18

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Notes

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PETER LINES'

PARIS PRESENTATION.

Overheads please:

Title Slide - you already have (in French).

1 E-MF-1

2 E-MF-1 with changes - see attached

3 MEMAP-PL-4

4 MEMAP-PL-4 with changes - see attached

5 E-MF-18 + 19 as one overhead.

6 MS-21

7 MEMAP-PL-17

8 E-NS-3 - remove box saying 'OTHER' N/A.

9 E-NS-3 - with changes see attached

10 SESMP-ML-17

11 OU-6

12 OU-18

13 see attached - sorry can't read the number!

14 MEMAP-PL-22

15 MEMAP-PL-23

MEMAP

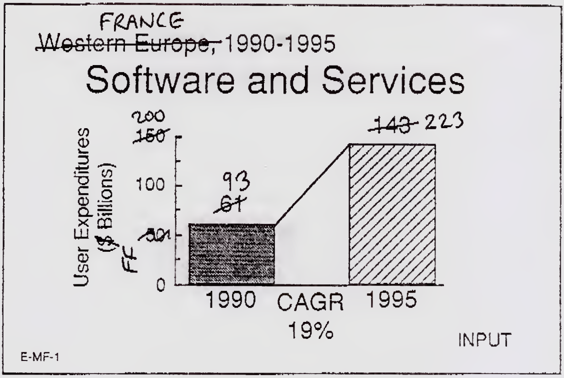
TITLE PAGE
presentation (2).

Panorama et Tendances
des Marchés

Peter Lines

Vice President European Research.

2



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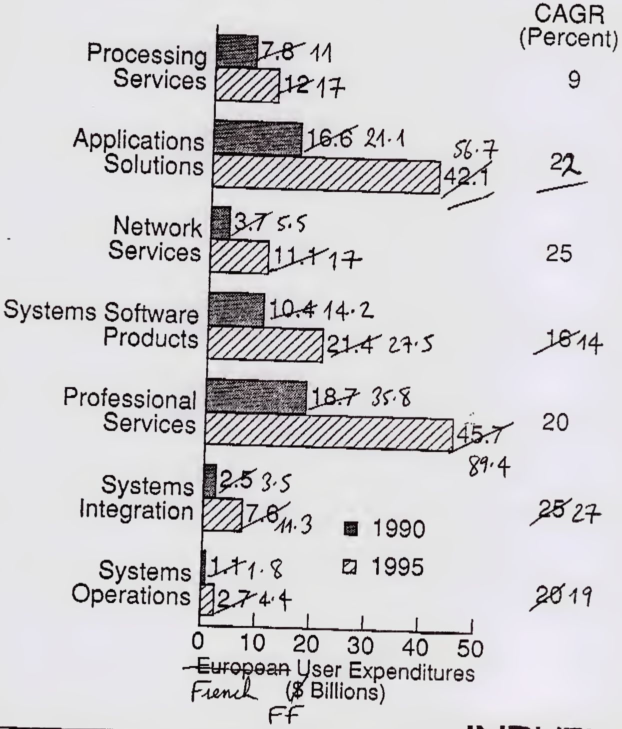
4

Computer Software and Services Markets by Delivery Mode, 1990-1995



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INPUT

U.S. Information Services Industry

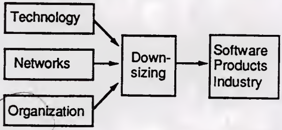
INPUT

MS-19

Opportunities in a Changing Market

MS-20 INPUT

Downsizing Driving Forces



MS-21 INPUT

Window to the Information Network

Workstation

Information Services and Sources

- Local
- Distributed
- Central
- External

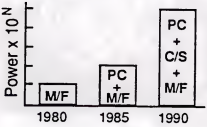
MS-22 INPUT

Application Distribution

Type	Location 1980	1985	1990-1995
Personal	Main-frame	PC	PC
Depart-mental	Main-frame	Mainframe	Client/ Server
Corporate	Main-frame	Mainframe	Mainframe

MS-23 INPUT

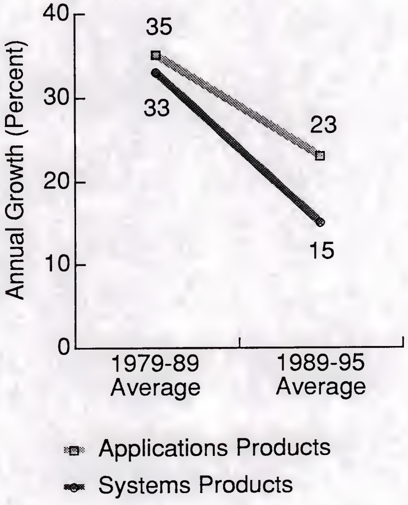
Computing Power



MS-24 INPUT

4/5/91

Systems Software Product Growth Declines In Western Europe



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MEMAP-PL-17

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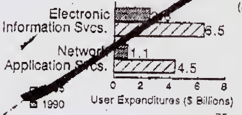
slight rounding errors but basically o.k.

Western Europe

Network Services Market, 1990-1995



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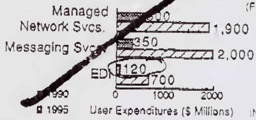
E-NS-1

Western Europe

Network Application Services Market, 1990-1995



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check table!

E-NS-2

9

~~Western Europe~~ FRANCE

Market Sector Comparisons, 1990

FF

FF 11 Processing Services ~~$7.8 M~~	Network Applications FF ~~$2.1~~ M 2·2	Electronic Information Svcs. ~~$3.5~~ M 3·4

VANS	EDI	Electronic Mail	Other
~~0.8~~ 1·2	~~0.1~~ 0·2	~~0.4~~ 0·8	NA

INPUT

E-NS-3

Network Application Services
Western Europe

Leading Vendors, 1989

Rank	Company	Est. Revenues ($ M)
1	GEIS	100
2	Infonet	80
3	BT/Tymnet	80
4	GSI	70
5	France Telecom	60

INPUT

E-NS-4

Electronic Information Services
Western Europe

Leading Vendors, 1989

Rank	Company	Est. Revenues ($ M)
1	Reuters	700
2	Extel	250
3	Telerate	200
4	D&B	140
5	Telekurs	100

INPUT

E-NS-5

Western Europe

Electronic Information Services, 1990

- One million users
- 1,000 data bases
- 100 on-line vendors

INPUT

E-NS-6

4/9/91

Is it possible to left justify the numbers?

Network Management in Context

Communications	Data Processing
Strategy Studies	Strategy/ Feasibility Studies
Network Implementation	Systems Development
Operations Management	Operations

SI

SI (Systems Integration)

SO (Systems Operations)

Network Management Outsourcing

Strong potential

Weaker potential

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SESMP-ML-17

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What is it?

Why is it becoming a major factor?

OU-1 INPUT

Beyond Products: Service-Based Strategy

HBR March/April 1990

OU-2 INPUT

Key Findings

- Value added from services
- Technology enhances services
- Services enable competitive differentiation

Source: HBR Article

OU-3 INPUT

Recommendations

- Focus on core services
- Outsource other activities

Source: HBR Article

OU-4 INPUT

Outsourcing

- Outsource non-competitive activities
- Outsourcing builds flexibility
- Outsourcing allows focus

Source: HBR Article

OU-5 INPUT

Outsourcing is the contracting of information systems (IS) functions to external vendors.

OU-6 INPUT

31/90

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Outsourcing Vendors

- Approaches differ greatly
- Variety of capabilities needed
- Partnerships/alliances result

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OU-13

Corporate Organization

- IT and IS will change the organization
- How will it operate?

INPUT

OU-14

Corporate Organization

- People
  - How many?
  - When?
  - What skills?

INPUT

OU-15

Transition Management

- Dramatic growth potential
- IS and non-IS components

INPUT

OU-16

Potential for revolution is there.

Forecasts are based on evolution.

INPUT

OU-17

Evolution of Outsourcing

Type of Product or Service	1970s		1990s
Applications Software	Applications Packages	→	Applications Management
Professional Services	Consulting Contract Prog	→	Systems Integration
Processing Services	Specific Proc Serv	→	Systems Operations

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OU-18

13/90

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13

5

Typical Groupe Bull SI Projects

Client	Project
Ansaldo (I)	Plant automation
DSS (U.K.)	OSI network
Post Office (F)	Workstation network for financial services

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Systems Integration, Western Europe

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- CSC/Index Group

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Systems Integration, Western Europe

Vendor Targeting

- Major organizations
- Industries undergoing radical change
- Companies with highly distributed operations

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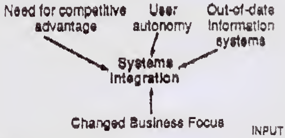
Systems Integration, Western Europe

Driving Forces



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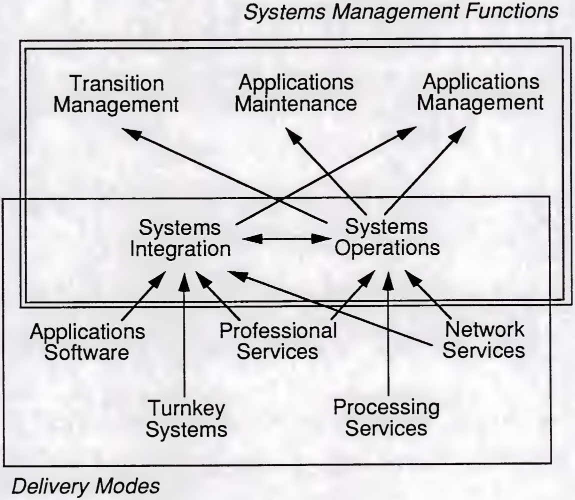
Outsourcing
Developing Market Opportunities



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MEMAP-PL-22

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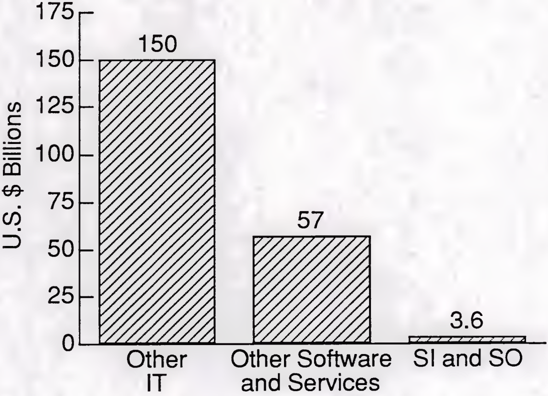
Total IT Expenditure
Western Europe, 1990



Total = $216 Billion

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NUMBER OF PAGES: 1 of 3

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URGENT: Yes ✓ No ____

DESCRIPTION:

Cheryl,
Only two minor changes

1. The accent on Intégration
2. Any way of indicating the Y-axis on slide 2.

Thanks,
John

****

FROM: JOHN WILLMOTT

DATE: 22·5·91

INPUT:

Project Charge Code:

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Challenges Offert par l'Intégration de Systèmes

John Willmott
Consultant

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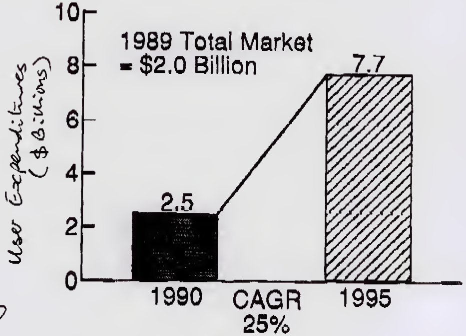
Western European Systems Integration Market 1990-1995



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SESMP-JW 5/91- 2

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TITLE PAGE
presentation ③.

Challenges Offert par
l'Intégration de Systèmes

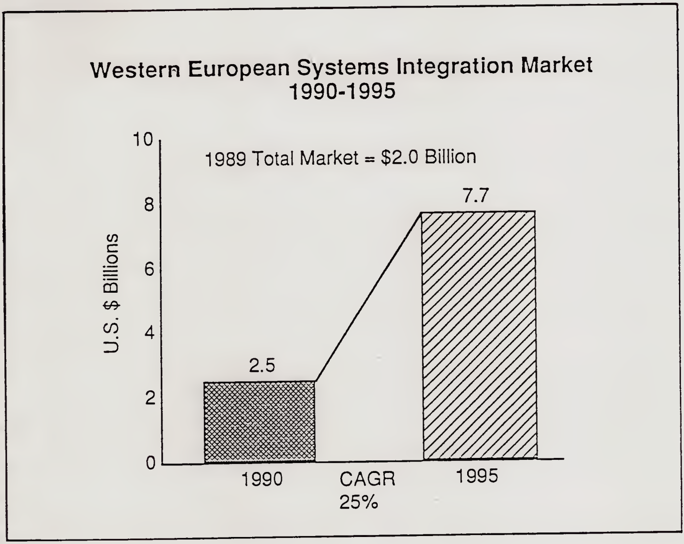
John Willmott
Consultant.

Style like
presentations
1, 2, & 4

②

Exhibit III-1

Western European Systems Integration Market, 1990-1995



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Systems Integration, Western Europe
Driving Forces

Need for Competitive Advantage

User Autonomy

Out-of-Date Information Systems

Systems Integration

Changed Business Focus

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④

Systems Integration, Western Europe Key Driving Forces: Vendor Perception

Factor	Level of Importance
Lack of in-house technical capability	Very High
Lack of in-house IS resources	High
Migration to open systems	Medium-High
Need to link heterogeneous equipment	Medium-High

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5

Systems Integration, Western Europe
Key Players in Buying Process

Player \ Vendor type	Equip. Vendors	Prof. Serv. Vendors	Mgmt. Consult.
Client board-level personnel	High	Medium	Very High
Head of information systems	High	Very High	Medium
Client middle management	Low	High	Medium

INPUT

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⑥

Systems Integration, Western Europe
Vendor Targeting

- Major organizations
- Industries undergoing radical change
- Companies with highly distributed operations

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(7)

Systems Integration, Western Europe Strengths and Weaknesses of Management Consultancies

Strengths	Weaknesses
High-calibre personnel	Expensive
Credibility with user top management	Sometimes overrun cost and timescales
Business consultancy skills	Looking for repeat business

INPUT

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Systems Integration, Western Europe Strengths and Weaknesses of Major Equipment Vendors

Strengths	Weaknesses
Stability	Business consultancy skills
High-calibre personnel	Lack of proven track record
Account management	Lack of independence
	Lack of development expertise/resources

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(9)

Systems Integration, Western Europe Strengths and Weaknesses of Professional Services Vendors

Strengths	Weaknesses
Relationship with IS management	Business consultancy skills
Project management skills	Perceived technical orientation
Implementation/ technical skills	Lack of access to user top management

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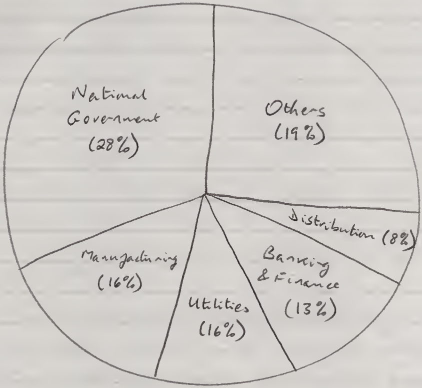
Industry Market Opportunities
Systems Integration, Western Europe



1990 Total Market = $2.5 Billion

(11)

Exhibit VI-3

Importance in Buying Process
Computer Integrated Manufacturing, Western Europe

User Personnel	Degree of Importance
Top management	High
Manufacturing management	Medium - High
IS management	Medium - High

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(12)

Exhibit VI-4

Importance in Lead Generation
Computer Integrated Manufacturing, Western Europe

Means of Lead Generation \ Vendor Category	Equipment Vendors	Professional Services Vendors	~~Application Software Product Vendors~~
Account Managers	High	Medium	~~High~~
New Business Sales Force	Medium	High	~~High~~
Collaboration Partners	Medium	High	~~Medium~~
External Consultants	Low	Medium	~~High~~

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(13)

~~Exhibit IV-16~~

Vendor Issues: ~~Collaboration~~ Alliances

- IBM and Coopers & Lybrand
- IBM Approved Industrial Systems Integrators
- Cincom "CIM Alliance" Programme
- ~~Siemens and Lucas E & S~~
- ASK and EDS
- ~~Sligos and Mesarteam~~

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Vendor Challenges
Systems Integration, Western Europe

~~Business consulting~~

* Access to key decision makers

* Integration architecture

* Building key partnerships

~~[illegible]~~

* Open systems & product branding

* Profitability

INPUT
Piccadilly House, 33/37 Regent Street, London SW1Y 4NF Tel. (44) (071) 493-9335
Fax (44) (071) 629-0179

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NUMBER OF PAGES: 1 of 1

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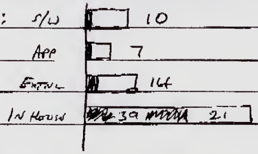
DESCRIPTION:

MEMAP-RF 5/91-12 Slides for Paris

Sorry I made a mistake on the last slide: Change ~ $40M to Read: ~ $44B

Also Slide 6 would look better with fewer numbers: (No decimal places)



****

FROM: ROGER FULTON

DATE: 23/5/91

INPUT: LONDON

Project Charge Code:

INPUT LTD. Directors. P.A. Cunningham (U.S.A.), P. Cunningham, K.W.L. Hocking, P. Lines
Registered Office. Rolls House, 7 Rolls Building, Fetter Lane, London EC4A 1NH
Registered in England No.: 1470410

[illegible]

TITLE PAGE

presentation (4).

Nouvelles Opportunités autour de la Maintenance des Logiciels Internes

Style like presentations 1, 2, & 3

Roger Fulton

Consultant

overheads.

SLIDES FOR PARIS SEMINAR 31st MAY 1991

①.

Derived from ME-SM1 Exec Summary,

ME-SM1

EXH II-1

Operational Software Support (Software Maintenance)

- Support and maintenance of in-house developed software
  - Two-thirds of all software activity
  - Today the smallest outsourced sector
- Largest services opportunity of the 1990s
- Centred on management issues

INPUT

ME-SM1 Exhibit II-1

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Note to graphics: Please follow exhibit numbers on left hand side of page. Ignore the ones underneath the slides here.

II-2

Categories of Software by Source

- Class A In-house developed
- Class B Custom/contracted
- Class C Application products
- Class D System products

INPUT

ME-SM1 Exhibit II-2

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2

II-3

Software Maintenance Definitions

- Product Vendor
  - Fixing faults in software product
- Services Vendor
  - Keeping each client happy
- IS Management
  - Everything done after software goes live

INPUT

ME-SM1 Exhibit II-3

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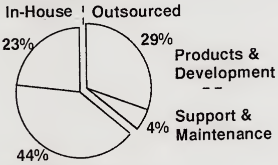
New Slide

New

European User Software Budgets



1990 Total: $90 Billion

INPUT

ME-SM1 Exhibit II-4

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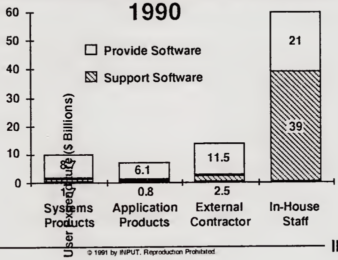
II-6 ✓

European User Software Budgets 1990



~~ME-SM1 Exhibit II-5~~ ✗

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INPUT

II-13 ✓

User Case Study - Government Sector

Problem - Operational Software Support

- Improve user service / lower costs

Solution - Outsourcing

Benefits

- >50% cost saving on staff ~$70K p.a.
- 8 full-time staff replaced by 4 part-time
- System life extended 5 years

~~ME-SM1 Exhibit II-6~~ ✗

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INPUT

II-14

User Case Study - Telecommunications Sector

Problem - Operational Software Support

- Free-up staff & improve user service

Solution - Outsourcing

- Mix of in-house and 3rd-party staffing

Benefits

- 19 staff released for new projects
- Call-outs reduced ten-fold
- Working practices adopted by client

INPUT

ME-SM1 Exhibit II-7

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II-15

Operational Software Support - Outsourcing Benefits

- Contracted quality of service for users
  - Better performance and reliability
  - Running costs known, and reducing
- In-house staff released for new projects
- IS operational efficiency improved
  - Improved operations practices
  - Proven management techniques

INPUT

ME-SM1 Exhibit II-8

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(5)

III-18

Operational Software Support - Service Vendor Opportunities

- Support and maintenance contract
  - User service levels
  - Hand-over staffing and timing
- Emergency services
- Software maintenance/enhancement
- Procedures/methods enhancement
- Management control and reporting

INPUT

ME-SM1 Exhibit II-9

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III-19

Operational Software Support - Product Vendor Opportunities

- Management tools:
  - User service levels
  - IS resources
  - Software
- Software engineering tools:
  - CASE tools, whole life-cycle
  - Reverse, re-engineering, conversion

INPUT

ME-SM1 Exhibit II-10

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6.

II-20

Conclusions

- Operational software support services
  - Un-tapped market opportunity
  - Total user spend ~$40M
  - Less than 1% is outsourced
- Primary need is IS management skills rather than software engineering tools
- Natural fit in the systems operations market
- Strong vendor marketing is needed

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Re: slide #4 – we cannot locate the presentation you referred to, so please proof as is for layout
Re: slide #7 – please proof for final (you had just sent complete slide in fax of 23 May).
Thanks!

FROM: Anne Tabucco

DATE: 23 May

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Specify:

~~Rappel des~~ Domaines d'Intervention et d'Analyse~~s~~ d'INPUT

Sylvie Bénech

INPUT

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INPUT

Logo ®
will be
replaced
here

INPUT

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INPUT Etudie, Analyse, Conseille

I	Industrie des Logiciels ~~and~~ et Services
N	Numération, Evaluation des Marchés
P	Prestations, Segmentation de l'Offre
U	Utilisateurs, leurs Motivations ~~and~~ et Attentes
T	Tendances d'Evolution, Anticipations

INPUT

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Extra page -

Bis. Suggestion.
See what is
the best

INPUT Etudie, Analyse, Conseille

I ~~I~~ndustrie des Logiciels ~~and~~ et Services

N ~~N~~umération, Evaluation des Marchés

P ~~P~~restations, Segmentation de l'Offre

U ~~U~~tilisateurs, leurs Motivations ~~and~~ et Attentes

T ~~T~~endances d'Evolution, Anticipations

INPUT

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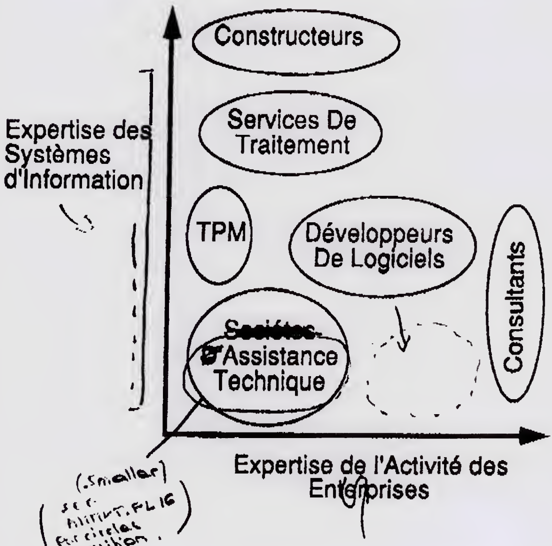
PAS D'IDENTITE 1991-05-23 02:35 G3-96 S BIEN RECU #4

LOGICIELS ET SERVICES

Industrie des ~~Services liés aux Technologies de l'Information~~

Nombreux sont les acteurs . . .



INPUT

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Numération ~~and~~ et Evaluation du Potentiel des Marchés

X

leave an extra [illegible] line

- $ Dépense finale des utilisateurs
- $$ Analyse des marchés non-captifs
- $$$ Matériels exclus sauf en cas d'intégration
- $$$$ Europe—13 pays, USA, Japon, Monde

INPUT

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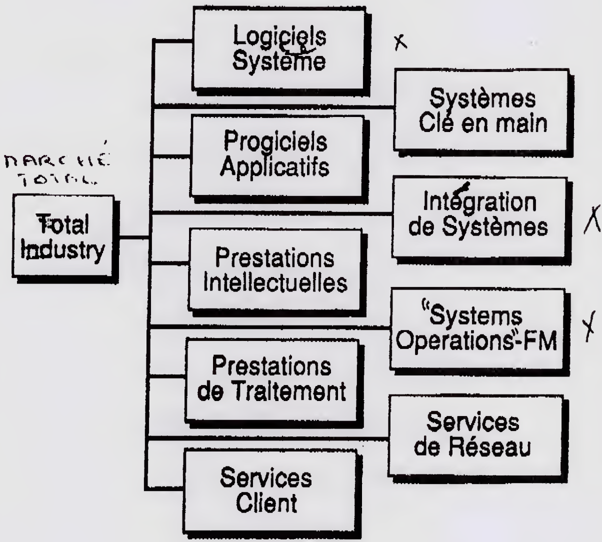
Prestations Offertes et Segmentation des Marchés



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INPUT

Utilisateurs, Leurs Motivations, ~~Leurs~~ et Attentes

Données

BASE DE DONNÉES UTILISATEURS

utilisateurs

Entretiens —

à

Entretiens Face à Face, Téléphone - Questionnaires

aires

êtes

Enquiries

ENQUÊTES DE SATISFACTION

tisfaction

u

PROCESSUS DE DÉCISION

Processus

u

Intentions

INTENTIONS D'INVESTISSEMENT

stissement

ORIENTATIONS TECHNIQUES STRATÉGIQUES

-giques

PERCEPTION DE L'OFFRE

INPUT

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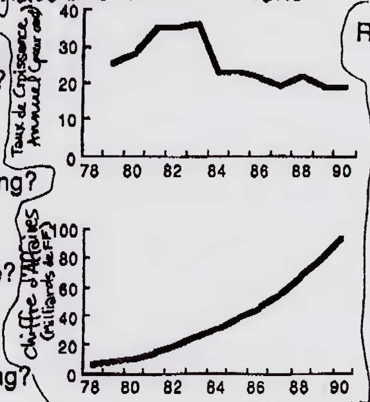
Tendances d'Evolution des Marchés

Croissance 1978-1990 de l'Industrie des Logiciels et Services — France



Demande?

Rentabilité?

CONJONCTURE?
jonctures

Downsizing?

Open Systems?

Valeur Ajoutée?

Europe?

Outsourcing?

TECHNOLOGIES?

Concurrence?

Acquisitions?

Is it possible to get it even small will a frame.

INPUT

AMMKT-PL- 8

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Cheryl Tompkins or
Anna Trabucco

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DATE: 22 May 91

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Specify:

TITLE PAGE

presentation 1.

(to follow - from Sylvie).

Rappel des Domaines d'Intervention

et d'Analyses d'INPUT

Sylvie Béneck

Directeur INPUT France.

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DESCRIPTION: 31 May Conference -

(1) Here is my presentation as announced by Carole.
I apologize as page 6 is not completed
I'll fax it to you tomorrow.
Don't hesitate to call me if problems.
Thanks to follow same format as other speaches.
(2) About INPUT - New french text.
You can cancel definitly the old version.
Thanks for your help - Regards. SB.

****

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[illegible]

[illegible]

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1

INPUT®

INPUT ETUDIE, ANALYSE, CONSEILLE......

I .... Industrie des Logiciels & Services

N ...... Numération, Evaluation des Marchés

P ...... Prestations, Segmentation de l'Offre

U ...... Utilisateurs, leurs Motivations & Attentes

T ...... Tendances d'Evolution~~s~~, Anticipations

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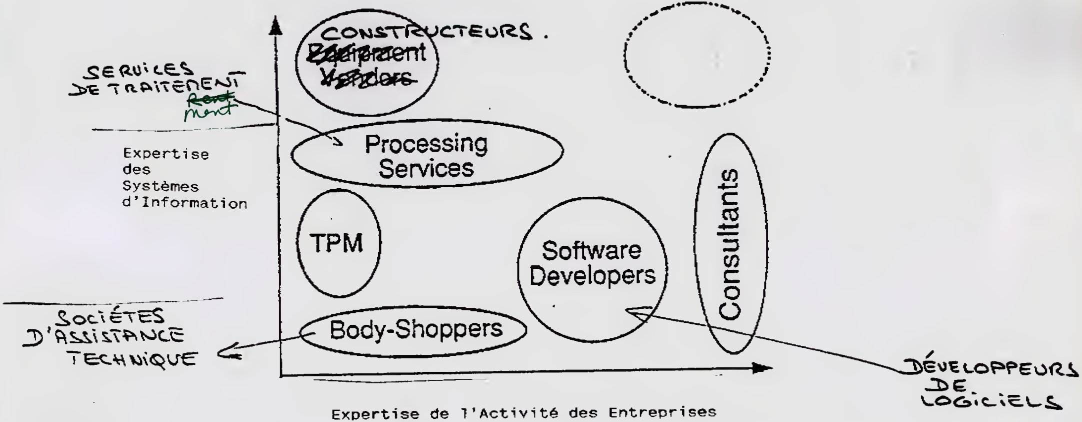
INPUT

ITI..Industrie des Services liés aux Technologies de l'Information

Nombreux sont les acteurs....



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(4)

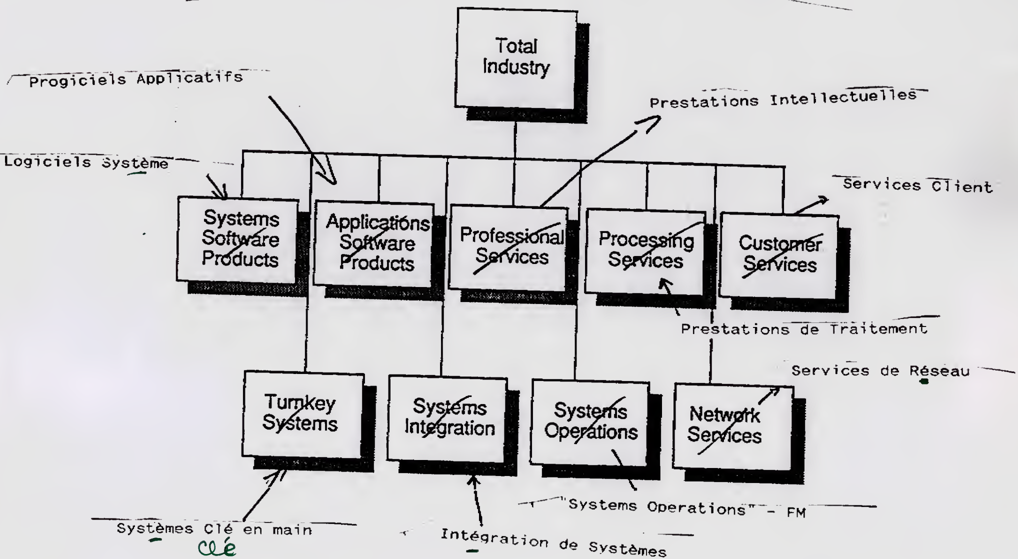
INPUT

N... Numération & Evaluation du Potentiel des Marchés

$	Dépense finale des utilisateurs
$$	Analyse des marchés non-captifs
$$$	Matériels exclus sauf en cas d'intégration
$$$$	Europe - 13 pays, U.S.A, Japon, Monde

INPUT

P..... Prestations Offertes et Segmentation des Marchés



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(6)

INPUT

V..... Utilisateurs, leurs motivations, leurs attentes

Not ready
To be sent on 23/05.
Thanks

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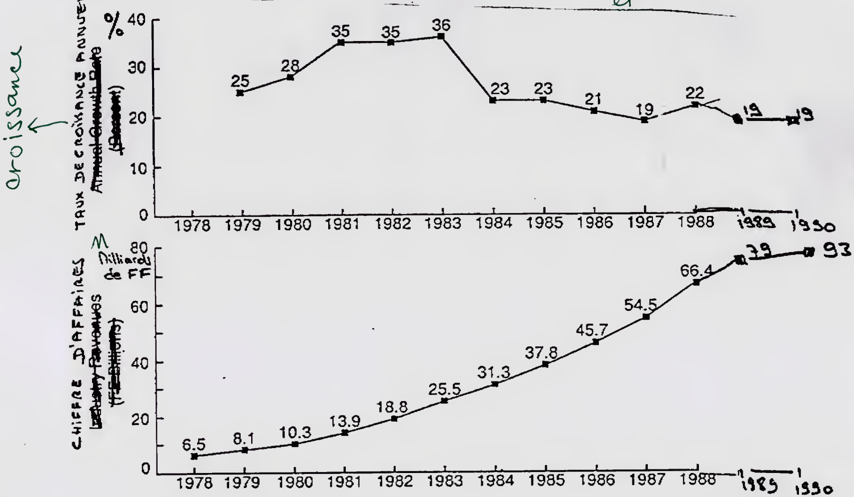
7

INPUT

II..... Tendances d'Evolution des Marchés

CROISSANCE 1978-1990 DE
L'INDUSTRIE DES LOGICIELS ~~&~~ et SERVICES
FRANCE



For slide 7 if possible to get the final format as below.... 7bis

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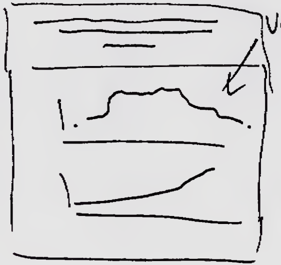
DOWNSIZING ?



Very small.

RENTABILITÉ ?
rentabilité

OPEN SYSTEMS ?

VALEUR AJOUTÉE ?
Valeur Ajoutée

EUROPE ?

ACQUISITIONS ?

OUTSOURCING ?

CONCURRENCE ?

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NUMBER OF PAGES: 1 of 8

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URGENT: Yes No

DESCRIPTION: ① PAC speech on May 31.
- Please find attached PAC presentation Carol asked me to prepare Friday evening.
I hope you will have time to prepare and ship it. Final format is without binder just with a stappled. If you could include also French presentation + A propos d'INPUT
Quantity requests: 30. We will do here add. con copies.

② Labels. We need to receive 50 white labels for badges. Please send it also.

Thanks for your help.
SB

****

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DATE: 28.05.91

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Project Charge Code:

****

CHANGE OF ADDRESS
Effective on 6 June 1991. Please note our new address :
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75016 PARIS
Tél (33-1) 46 47 65 65 Fax (33-1) 46 47 69 50

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9

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CONFERENCE du 31 Mai 1991.

Peter A. Cunningham.
President

INFORMATION SYSTEMS MANAGEMENT
BY OUTSOURCING.

Hôtel Royal Monceau
Paris

1

Outsourcing represents the future of the information services industry

INPUT

OU-8

8

"Outsourcing" vs. Buying Services

1980s: Services achieved recognition

1990s: Overcome prejudice against buying management services

INPUT

OU-10

10

Outsourcing in the 1990s What is Different

- Size and length of commitment
- Breadth of responsibility assumed by vendor
- Partnership versus supplier/subcontractor

INPUT

OU-19

19

Outsourcing in the 1990s What is Different

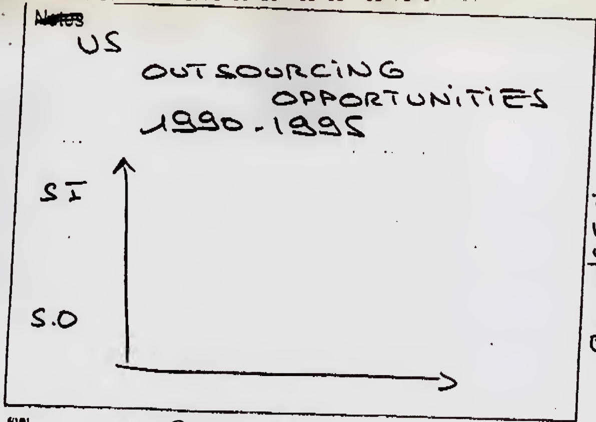
- Complexity of IT solutions
- Professional services component
- Systems management

INPUT

OU-20

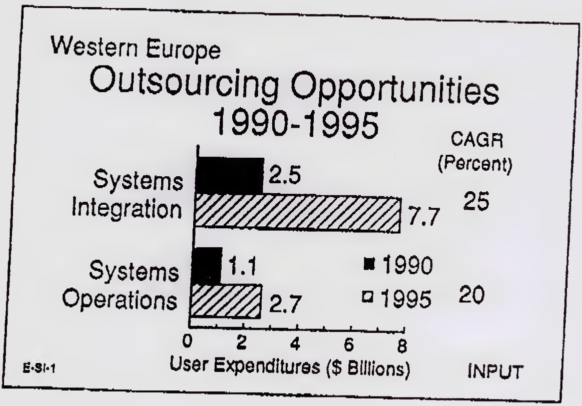
20

(2)



Andrea could you ask the research to provide you equivalent figures than European ones for US.

6/1/91



(3)

Systems Operations, Western Europe

Market Forecast

Country	$ Millions			
	1990	1991	CAGR (%)	1995
France	297	353	19	713
Germany	75	87	18	169
U.K.	301	371	23	832
Italy	150	182	22	400

E-SO-5

INPUT

Notes

SYSTEMS INTEGRATION, WESTERN EUROPE

MARKET FORECAST

Country	~~User Expenditure~~ $ millions				
	~~1989~~	1990	1991	1995	~~1990-95~~ CAGR (Percent)
France	~~440~~	560	715	1,830	27
Germany	~~485~~	610	775	1,930	26
United Kingdom	~~505~~	625	770	1,770	23
Italy	~~180~~	230	300	760	27

8/1/91

E-SI-23

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INPUT

4

A

Outsourcing Vendors

- Approaches differ greatly
- Variety of capabilities needed
- Partnerships/alliances result

OU-13 INPUT 13

B

Outsourcing Relationship Classification

Relationship Type	Outsourcing Category	Relationship Characteristics
Partnership-Based	Applications Management	Management-oriented Broad scope Open-ended timing

OU-26 INPUT 26

C

Outsourcing Relationship Classification

Relationship Type	Outsourcing Category	Relationship Characteristics
Partnership-Based	Systems Operations	Broad expertise Personnel transfer Flexible agreement Service levels

OU-27 INPUT 27

D

Outsourcing Relationship Classification

Relationship Type	Outsourcing Category	Relationship Characteristics
Objective-Based	Transition Management	Project-oriented Specific scope Specific timing

OU-28 INPUT 28

E

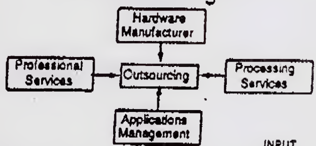
Outsourcing Relationship Classification

Relationship Type	Outsourcing Category	Relationship Characteristics
Objective-Based	Applications Maintenance Systems Integration	Specific expertise Focused agreement Target dates

OU-29 INPUT 29

F

Vendor Orientation to Outsourcing



OU-30 INPUT 30

12/13/90

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INPUT

(5)

A

Organizational Impacts

Group	Impacts
Total Organization	No visible impact Reallocation of personnel Faster access to skills More disciplined implementation

OU-36 INPUT

36

B

Organizational Impacts

Group	Impacts
Information Systems Management	Manage a smaller organization Shift to tactics and strategy Time available for planning

OU-37 INPUT

37

C

Organizational Impacts

Group	Impacts
Information Systems Professional	Significant initial anxiety Greater career opportunities

OU-38 INPUT

38

D

Conclusions
User View

- Outsourcing is different for the 1990s
- Outsourcing offers new opportunities
- Outsourcing can lead to faster response
- Outsourcing can help IS change its role

OU-39 INPUT

39

6

INPUT.

Andréa, please add after this page
my presentation starting with
INPUT étudie, analyse, conseille . .
- - - .
=> 6 pages.

+ at the End: About Input sheet.

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E-MS-3

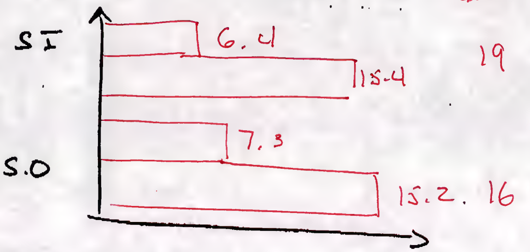
(2)

Notes

US

OUTSOURCING OPPORTUNITIES
1990-1995

CAGR



A. Andrea could you ask the research to provide you equivalent figures than European ones for US.

OU-

($ Billions)
User Expenditures

Western Europe
Outsourcing Opportunities
1990-1995

CAGR
(Percent)

INPUT
Conférence du 31 Mai 1991
Peter A. Cunningham
President
Information Systems Management by Outsourcing

Hôtel Royal Monceau

Paris

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Outsourcing represents the future of the information services industry

INPUT

OU-8

Notes

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"Outsourcing" vs. Buying Services

1980s: Services achieved recognition

1990s: Overcome prejudice against buying management services

INPUT

OU-10

Notes

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Outsourcing in the 1990s
What is Different

- Size and length of commitment
- Breadth of responsibility assumed by vendor
- Partnership versus supplier/subcontractor

OU-19

INPUT

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Outsourcing in the 1990s
What is Different

- Complexity of IT solutions
- Professional services component
- Systems management

OU-20

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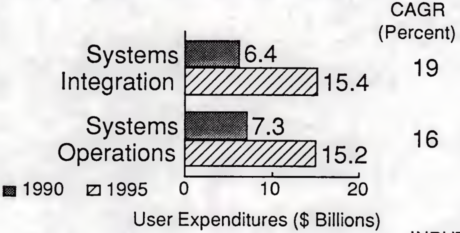
U.S.

Outsourcing Opportunities



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E-OU-1

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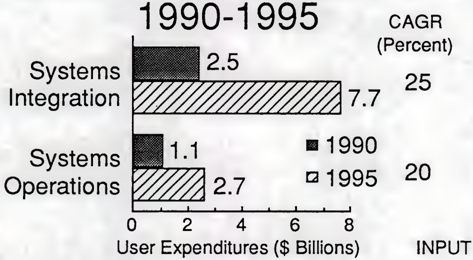
Western Europe

Outsourcing Opportunities 1990-1995



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Systems Operations, Western Europe

Market Forecast

Country	$ Millions			
	1990	1991	CAGR (%)	1995
France	297	353	19	713
Germany	75	87	18	169
U.K.	301	371	23	832
Italy	150	182	22	400

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E-SO-5

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Systems Integration, Western Europe

Market Forecast

Country	1990	1991	CAGR (%)	1995
France	560	715	27	1,830
Germany	610	775	26	1,930
U.K.	625	770	23	1,770
Italy	230	300	27	760

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Outsourcing Vendors

- Approaches differ greatly
- Variety of capabilities needed
- Partnerships/alliances result

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Outsourcing Relationship Classification

Relationship Type	Outsourcing Category	Relationship Characteristics
Partnership-Based	Applications Management	Management-oriented Broad scope Open-ended timing

OU-26

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Outsourcing Relationship Classification

Relationship Type	Outsourcing Category	Relationship Characteristics
Partnership-Based	Systems Operations	Broad expertise Personnel transfer Flexible agreement Service levels

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OU-27

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Outsourcing Relationship Classification

Relationship Type	Outsourcing Category	Relationship Characteristics
Objective-Based	Transition Management	Project-oriented Specific scope Specific timing

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OU-28

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Outsourcing Relationship Classification

Relationship Type	Outsourcing Category	Relationship Characteristics
Objective-Based	Applications Maintenance	Specific expertise Focused agreement Target dates
	Systems Integration	

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OU-29

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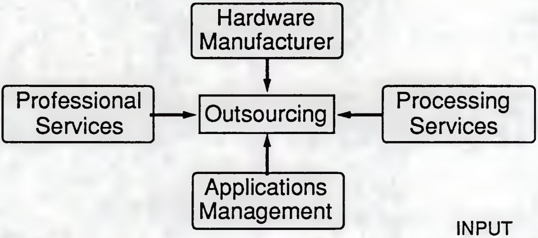
Vendor Orientation to Outsourcing



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Organizational Impacts

Group	Impacts
Total Organization	No visible impact Reallocation of personnel Faster access to skills More disciplined implementation

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Organizational Impacts

Group	Impacts
Information Systems Management	Manage a smaller organization Shift to tactics and strategy Time available for planning

OU-37

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Organizational Impacts

Group	Impacts
Information Systems Professional	Significant initial anxiety Greater career opportunities

OU-38

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Conclusions
User View

- Outsourcing is different for the 1990s
- Outsourcing offers new opportunities
- Outsourcing can lead to faster response
- Outsourcing can help IS change its role

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Domaines d'Intervention et d'Analyse d'INPUT

Sylvie Bénech

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INPUT Etudie, Analyse, Conseille

Industrie des Logiciels et Services

Numération, Evaluation des Marchés

Prestations, Segmentation de l'Offre

Utilisateurs, leurs Motivations et Attentes

Tendances d'Evolution, Anticipations

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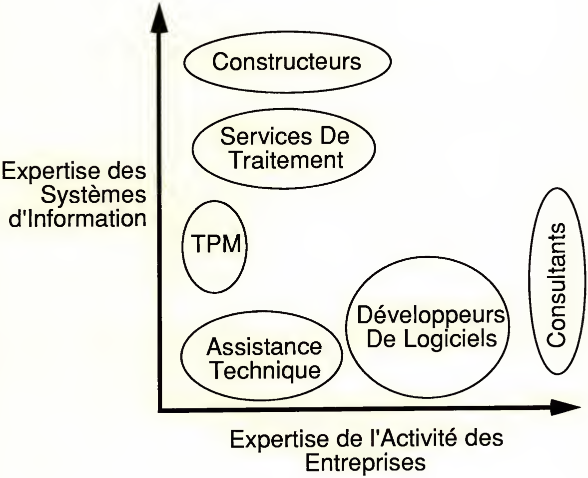
Industrie des Logiciels et Services

Nombreux sont les acteurs . . .



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Numération et Evaluation du Potentiel des Marchés

- $ Dépense finale des utilisateurs
- $$ Analyse des marchés non-captifs
- $$$ Matériels exclus sauf en cas d'intégration
- $$$$ Europe—13 pays, USA, Japon, Monde

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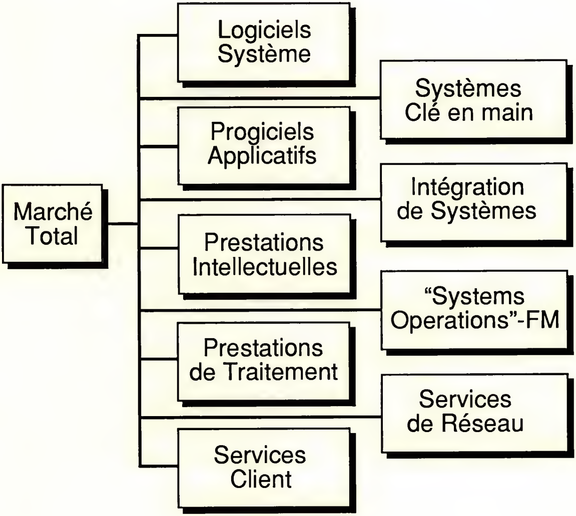
Prestations Offertes et Segmentation des Marchés



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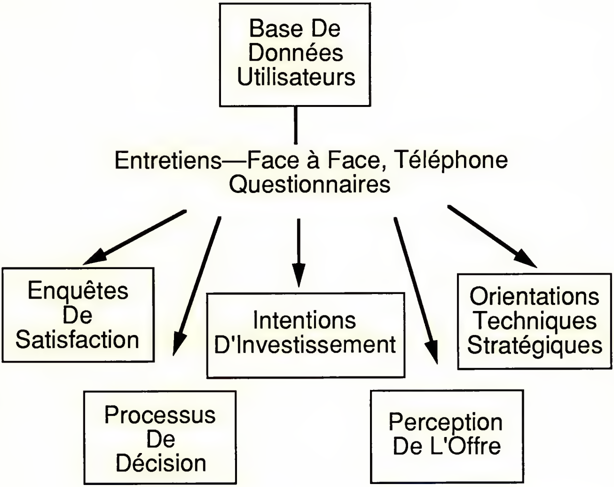
Utilisateurs,
Leurs Motivations et Attentes



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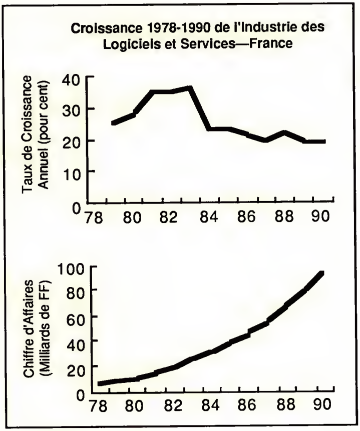
Tendances d'Evolution des Marchés



Rentabilité?

Demande?

Conjoncture?

Open Systems?

Valeur Ajoutée?

Europe?

Outsourcing?

Technologies?

Concurrence?

Acquisitions?

Downsizing?

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A propos d' INPUT

INPUT, société Internationale, leader dans l'analyse des Marchés des Services liés aux Technologies de l'Information, délivre des études marketing et du conseil à l'ensemble des prestataires impliqués sur ces marchés.

Depuis sa création en 1974, INPUT analyse en permanence les différents segments du marché—prestations intellectuelles et de traitement, logiciels système et applicatifs, systèmes clé en main, services de réseau, services client, intégration de systèmes, FM—et leur pénétration par secteur vertical (banque, assurance, industrie, distribution).

Les interventions d'INPUT peuvent satisfaire des besoins d'informations opérationnels, tactiques et stratégiques (analyse de concurrence, attentes d'utilisateurs, potentiel de marché, recherche de partenaire...).

Les ressources d'INPUT sont accessibles sous forme de souscription à des programmes annuels, d'acquisition d'études multi-clients, de recherches spécifiques et confidentielles, de participation aux conférences spécialisées, d'abonnement à des newsletters.

La société compte plus de 100 personnes dans le monde dont une cinquantaine de consultants, experts sur les Marchés des Logiciels et Services.

INPUT bénéficie de références de clients notoires et parmi les plus importantes sociétés mondiales dont elle accompagne depuis de nombreuses années la croissance.

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